

# FISCAL NOTE

**Bill #:** HB0165

**Title:** Allow participation in international lotteries

**Primary Sponsor:** Lake, B

**Status:** Third Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$0	\$0
<b>Revenue:</b>		
General Fund	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	\$0	\$0

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns                       |
| <input type="checkbox"/> Included in the Executive Budget         | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached          | <input type="checkbox"/> Needs to be included in HB 2             |

## Fiscal Analysis

### ASSUMPTIONS:

1. If the bill is passed, there will be no fiscal impact because the bill allows continuation of the products already offered by the Lottery. However, if the bill is not passed, the possible reduction in revenue to the general fund is \$9,753,980 over the 2005 biennium.
2. The rules governing the Poweball allow for other countries to participate in the game. Although no other country is currently involved in Powerball, it is possible that one may be in the near future. Failure to pass the bill could result in the Lottery's withdrawal from Powerball and other multi-state games, if an entity outside the U.S. joined any of these games as a full member. The 2005 Biennium Executive Budget revenue estimates include revenues from the Lottery assuming continuation of the current games.
3. The following calculations assume that a lottery outside the U. S. joins Powerball as of July 1, 2003 (FY 2004).
4. Based on historical data from FY 2000 through FY 2002, Powerball sales account for 68.69 percent of the general fund transfer.
5. With the current product mix, the Lottery's goal for the biennium is to transfer \$7 million and \$7.2 million in FY 2004 and FY 2005, respectively. Applying the 68.69 percent to these transfers would reduce the general fund transfer by \$4,808,300 (\$7 million x 0.6869) in FY 2004 and \$4,945,680 (\$7.2 million x 0.6869) in FY 2005. The general fund transfer would then be estimated at \$2,191,700 in FY 2004 and \$2,254,320 in FY 2005.

**Fiscal Note Request HB0165, Third Reading**  
(continued)

LONG-RANGE IMPACTS:

Reductions to revenues and general fund transfers beyond the 2005 biennium would be effected in a similar manner.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Businesses across Montana that are Lottery retailers would also be impacted. Assuming the Lottery would have met its original general fund transfer, Powerball revenues would be an estimated \$14,509,053 and \$14,923,597 in FY 2004 and FY 2005, respectively. Retailers are paid a commission of 5 percent on these sales. This would equate to a reduction of \$725,453 ( $\$14,509,053 \times 0.05$ ) in FY 2004 and \$746,180 ( $\$14,923,597 \times 0.05$ ) in FY 2005 paid to Montana businesses for a total of \$1,471,633 ( $\$725,453 + \$746,180$ ) during the biennium.